

ADMINISTRATION AND FINANCE COMMITTEE

DATE: June 21, 2005

CALLED TO ORDER: 5:04 p.m.

ADJOURNED: 6:25 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Vernon Brown
Lance Langsford
Lynn McWhirter
Mary Moriarty Adams
Jackie Nytes
Lincoln Plowman

Absent Members

AGENDA

PROPOSAL NO. 172, 2005 -determines the need to lease approximately 47,720 square feet of office space at 1848 Ludlow Avenue for a Work Release Center of the Marion County Community Corrections Agency

“Do Pass”

Vote: 6-0

PROPOSAL NO. 211, 2005 -approves an increase of \$250,000 in the 2005 budget of the Center Township Assessor (Property Reassessment Fund) to offset the reduction in the General Fund

“Do Pass”

Vote: 6-0

PROPOSAL NO. 238, 2005 -approves a transfer of \$1,100,746 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Franklin Township Assessor, Marion County Prosecutor, Prosecutor’s Child Support Division, Forensic Services Agency, Marion County Sheriff, Community Corrections, Marion Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home (County General Fund) to bring Marion County employees up to minimum salary grade

“Strike”

Vote: 6-0

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PROPOSAL NO. 267, 2005 -approves a transfer of \$120,000 in the 2005 Budget of the Marion County Auditor (County General Fund) to restore the Auditor's personal services budget

"Tabled"

Vote: 6-0

PROPOSAL NO. 268, 2005 -approves a transfer of \$93,496 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Prosecutor, Marion County Sheriff, Community Corrections, Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home to bring Marion County employees up to minimum salary grade

"Postpone"

Vote: 6-0

PROPOSAL NO. 269, 2005 -approves a transfer of \$926,000 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Election Board, Voters Registration, Marion County Treasurer, County Assessor, Center Township Assessor, Franklin Township Assessor, Warren Township Assessor, Prosecutor/Child Support Division, Marion County Sheriff, Community Corrections, and Guardian Home to reallocate fringe benefit appropriations from the Auditor's office to various departments

"Postpone"

Vote: 6-0

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, June 21, 2005. Chair Joanne Sanders called the meeting to order at 5:05 p.m. with the following members present: Vernon Brown, Lance Langsford, Mary Moriarty Adams, Jackie Nytes, and Lincoln Plowman. Absent was Lynn McWhirter.

PROPOSAL NO. 172, 2005 -determines the need to lease approximately 47,720 square feet of office space at 1848 Ludlow Avenue for a Work Release Center of the Marion County Community Corrections Agency

Brian Barton, Executive Director of Community Corrections, said he was in front of this committee almost a year ago discussing the need for a work release center in the 1700 block of Massachusetts Ave., and the committee approved that need. He said he is here again, because in the interim, they lost the zoning battle on Massachusetts Ave. Community Corrections has a rezoning for 1848 Ludlow Avenue and is trying to proceed with a work release center there. He said they were allowing the discussion on the County Option Income Tax (COIT) to be completed before they had final numbers, which can be found in the work release proposal (Exhibit A, on file in the Council office). Mr. Barton went on to highlight the work release proposal:

- County agencies for over 20 years have always contracted out for work release and now have decided to invest in having their own Work Release Center to eliminate having to rely on other vendors and control the situation better.
- The security, food, and substance abuse treatment in character three will all be out for bid.
- Within the operating budget, 80 re-entry beds are among the revenue and are vitally important to the community. Up to 1200 prisoners every year come back to Indianapolis.
- The County decided to use COIT dollars for 100 beds.
- Department of Corrections has 170 work release beds to which judges can send prisoners to a work release bed.
- Re-entry beds are based on a \$15.00 a day ratio and the County and Department of Corrections' beds are based on a \$21.45 a day ratio.
- Subsistence revenue is actual revenue that Community Corrections generates from the offenders. Community Corrections has a 35% collection rate for re-entry offenders and a 70% collection rate for post trial offenders.
- Community Corrections has a potential budget surplus of \$854,076.50. Mr. Barton noted that this surplus will be a second year surplus based on 350

people from day one of the year in work release. Mr. Barton said if such a surplus exists, a discussion needs to be made on how best to spend that surplus.

- The pretrial population stays an average of 26 days per bed. The 100 proposed beds provided to the County will support work release for 1,400 offenders per year.
- Compared to other counties' cost for work release centers, Marion County fares well with the cost of \$5 million for 350 beds.
- First year's rent will be lower than the other nine years because it is unlikely all 350 offenders will arrive on day one of the year.

Councillor Brown asked if Vigo and Hancock Counties owned their work release facility. Mr. Barton replied in the affirmative. Councillor Brown asked why Marion County is leasing a facility for over \$5 million for ten years. Mr. Barton said the discussion has been lease to own, because there has been no suggestion that the County has enough money to build a work release center. Bart Brown, Chief Financial Officer for the Council, asked if the price shown for Vigo and Hancock Counties cost included interest paid. Mr. Barton replied in the negative. Mr. Brown said the cost of financing is also a determining factor on owning a work release center. Councillor Brown asked if an analysis has been done on the cost of owning or leasing a work release center. Mr. Brown replied in the negative and said the analysis could be done before the next Council meeting. Mr. Barton said the lease agreement is still being negotiated and this proposal is to establish the need for a work release center.

Councillor Langsford asked if the state funding will continue. Mr. Barton said it has been for over 20 years, and it will continue to grow. He also stated that the state has been notified that folks in prison can be moved to work release centers as opposed to keeping them in prison.

Councillor Nytes said that during the Criminal Justice Planning Council, it was reaffirmed that the Community Corrections facility with work release options is a very important part of the solution to the continuing community corrections.

Kathy Sider, representative of Mary Sike residents, said that the residents are very concerned about the overall plan and how it has been handled. She said the residents requested to have full information on the proposed work release center and have not received a proper response. She urged the committee to postpone this proposal until the residents of this area are able to look over the details and discuss commitments that were made to the community. Chair Sanders said the committee can vote on this proposal and forward it to the full Council. She said there will be time before the next Council meeting to work out the issues the residents have. Ms. Sider said the Department of Correction had a consent form from the general broker on the matter to allow the general

broker to represent the owner and himself. Ms. Sider said signing this type of consent form is initiating a conflict of interest and is not appropriate business with tax dollars. Kobi Wright, Corporation Counsel, said two complaints on Mr. Bales (general broker) and his relationship with Community Corrections on this particular property were reviewed. He said the general broker did produce two consent forms that were executed by Community Correction. These forms consented to a limited agency representation on behalf of Community Corrections and also consented to any possible ownership or lease hold interest that Mr. Bales or his employer may have in this particular property. He said although some citizens may have a policy concern with Community Corrections, the ethics code has not been violated, because Mr. Bales is an independent contractor and not an employee of the County.

Ms. Sider expressed her concern with Mr. Bales having inside knowledge of the deal that was in the process of being made on the property, which in turned impacted his decision to buy the property before anyone else could. Mr. Wright said the threshold issue is whether or not the ethics code applies to Mr. Bales as an independent contractor. He said since Mr. Bales is not an officer or employee of Community Corrections, the ethics code does not apply to him in that capacity. He said Mr. Bales' role on the Metropolitan Development Commission (MDC) would apply to the ethics code but Mr. Bales recused himself from voting on this property.

Councillor Nytes said it is her understanding that Mr. Bales was asked by the County through Community Corrections to perform the services of finding a building and making the building available to the County to develop the work release center. She said it was necessary for Mr. Bales to make the deal to purchase the building to lock the building in for the County to proceed with development. She said Mr. Bales took reasonable steps, acting as an agent of the County to lock in a piece of real estate, while the County obtained the necessary zoning and determined the method of financing for the project. She said in her opinion there is no issue with ethics, and he performed the service that he was commissioned to do.

Councillor Moriarty Adams asked if Mr. Bales would be required to divulge the potential conflict and if he did so through the consent form. Mr. Wright replied in the affirmative and said the fact that Mr. Bales is not an officer or employee of the County makes his disclosure moot.

Councillor Plowman asked if there was proper notification given to all the residents. Mr. Barton said he attended every neighborhood forum that he was invited to and has been in constant contact by phone or e-mail with anyone who requested information. He said he plans to continue to have a good relationship with residents.

Councillor Brown asked how much money Mr. Bales will receive over the ten years. Mr. Barton said he is not sure who will get paid. He said someone had to lock the building in and Mr. Bales' company took that risk and owns the property for now, but the property could eventually be on an open bid. Councillor Brown asked what the total amount of

rent will be over ten years. Mr. Barton said he has been told the first few years will be nothing but interest; therefore, most of the money spent will go towards the interest opposed to the principal.

Chair Sanders said this ordinance is to determine the need to lease and not giving approval on a lease. She said the committee will have the opportunity to approve a lease once the numbers are concrete. Mr. Barton said Corporation Counsel is now looking at the lease and plans to provide the committee with a more comprehensive lease.

Councillor Brown said he supports the need for community corrections. He just wants to make sure we are getting the best for our dollar.

Ms. Sider said Mr. Bales was given the option twice to buy the two properties selected. She said neither were owned by his company, and he was not representing his company. She said this deal is a poor use of tax dollars and the signing away of consent for conflict of interest is not fair to tax payers.

Councillor Nytes said it is important to have the continued analysis of whether this property can be purchased for a work release center. She said neighbors in this area had some concerns regarding who would be housed in the center. The Community Corrections Board has agreed to address some of the concerns the citizens had regarding who will be housed in the center.

Councillor Nytes moved, seconded by Councillor Langsford, to send Proposal No. 172, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 211, 2005 -approves an increase of \$250,000 in the 2005 budget of the Center Township Assessor (Property Reassessment Fund) to offset the reduction in the General Fund

James Maley, Center Township Assessor, said last year Kent Burrow, former Chief Financial Officer for the Council, asked the Center Township Assessor's office to take \$250,000 from the Reassessment Fund and use the money for operating expenses in order to not use the General Fund. He said the Council promised to restore the money.

Councillor Nytes said Councillor McWhirter asked for some examination to be made of the agency's financial statements. She said the information that was presented did support the situation as it was described by the Assessors office.

Councillor Moriarty Adams thanked Mr. Maley for his support in helping the Council with the budget situation last year.

Councillor Brown asked for an update on the findings from the assessors' audit. Mr. Maley said five million dollars was found in Center Township alone. Councillor Brown

asked who the coordinator for the audit was. Mr. Maley said Eric Bailey was the coordinator. Councillor Brown asked for the data on the money generated for all the townships in Marion County. Dan Jones, Auditors office, said the requested information will be provided.

Chair Sanders said in the future the Council will request a report of the audit to be given to the Administration and Finance Committee. She said it will take a couple of years for each Assessors' office to receive the money.

Mr. Brown said the money given to each township assessor will be divided among all taxing units. He said the \$250,000 may not cover everything in Center Township Assessor's budget and they will need to manage their money very carefully.

Mr. Maley said he has returned money to the County for 26 straight years.

Councillor Moriarty Adams, moved seconded by Councillor Nytes, to send Proposal No. 211, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 238, 2005 -approves a transfer of \$1,100,746 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Franklin Township Assessor, Marion County Prosecutor, Prosecutor's Child Support Division, Forensic Services Agency, Marion County Sheriff, Community Corrections, Marion Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home (County General Fund) to bring Marion County employees up to minimum salary grade

Chair Sanders said Proposal Nos. 267, 268, and 269, 2005 are reincarnations of Proposal No. 238, 2005. She asked for a motion to strike Proposal No. 238, 2005.

Councillor Nytes moved, seconded by Councillor Moriarty Adams, to "Strike" Proposal No. 238, 2005. The motion carried by a vote of 6-0.

PROPOSAL NO. 267, 2005 -approves a transfer of \$120,000 in the 2005 Budget of the Marion County Auditor (County General Fund) to restore the Auditor's personal services budget

Councillor Plowman moved, seconded by Councillor Langsford, to "Table" Proposal No. 267, 2005. The motion carried by a vote of 6-0.

PROPOSAL NO. 268, 2005 -approves a transfer of \$93,496 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Prosecutor, Marion County Sheriff, Community Corrections, Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home to bring Marion County employees up to minimum salary grade

Marty Womacks, County Auditor, distributed general fund projections (Exhibit B, attached) that have more accurate figures than what was distributed at the previous committee meeting.

Ms. Womacks asked for a moment of personal privilege. Chair Sanders gave consent. Ms. Womacks said her staff is in the audience and will be receiving salary increases found in Exhibit B. She said some may be wondering what her intent was with Proposal No. 267, 2005. She said due to the Controller's office taking over the budget area she will be down 7.25 employees. She said they were able to figure out a way that no appropriation is needed from the Council at this time for salary increases. She said many of her staff will have additional responsibilities due to the changes in the Auditor's office, and she felt the salary increases were appropriate at this time.

Chair Sanders asked if any consideration was given to redefining those positions under the Controller's office. Ms. Womacks replied in the negative and said the Auditor's office will not be assuming responsibilities that were the Controller's. Ms. Womacks said they have been down three employees all year (one employee left seeking other employment, and the Auditor's budget staff found other employment). She said the opportunity did not present itself to send Auditor's employees to the Controller's office.

Councillor Nytes asked if the changes in job descriptions were presented to the Job Class Board to determine that the additional duties merited additional pay. Ms. Womacks said she did not have reclassifications, because many of the employees currently do the same thing that they will be doing. She said the employees will have additional work load due to the binding of the two offices. Councillor Nytes said she would prefer to see changes made after all the needed changes were declared. Ms. Womacks said the amount of raises that she has implemented for the rest of the year total \$12,000 for 27 employees. Chair Sanders said no one is questioning that employees should be paid for the value of their work. She said her concern is that only a certain group of employees were provided that benefit when the larger population of the County will not see that benefit.

Councillor Langsford asked if the employees will be able to handle the increase in their work load. Ms. Womacks said the budget is no longer the responsibility of the Auditor; therefore, during the budget process, the Auditor's office will only be handling the accounting and payroll functions. She said the Auditor's office is working with the Controller's office to work out the differences in the two systems.

Councillor Brown said the Auditor's office should hold off on salary increases until all the reclassification is done with the Auditor's and Controller's offices.

Councillor Moriarty Adams asked if the Auditor's office is speaking just in behalf of their part of Proposal No. 268, 2005. Ms. Womacks said they are a part of Proposal No. 268, 2005, because the transfer will come from their office to the other County offices. Councillor Moriarty Adams said she thought the salary increase to employees in the

Auditor's office is included in the \$93,496. Mr. Jones said Proposal No. 268, 2005 approves a transfer of a portion of the Auditor's office budget to County agencies. To get employees to the minimum grade that are being paid below the minimum salary according to the County salary grade.

[Clerk's Note: Chair Sanders clarified that the previous discussion was relative to the Auditor's point of personal privilege to discuss salary raises that she gave to her entire staff. The discussion on Proposal No. 268, 2005 will now begin.]

PROPOSAL NO. 268, 2005 -approves a transfer of \$93,496 in the 2005 Budget of the Marion County Auditor, Marion County Clerk, Voters Registration, Marion County Treasurer, Prosecutor, Marion County Sheriff, Community Corrections, Circuit Court, Marion County Justice Agency, Marion Superior Court, and Guardian Home to bring Marion County employees up to minimum salary grade

Mr. Jones said last year during the budget process the health insurance budget was increased by \$1.7 million and the entire increase was placed in the Auditor's budget. He said Proposal No. 269, 2005 is to reallocate that appropriation, and according to the Auditor's calculation, there is a small surplus that is left from the \$1.7 million. He said it appears that the total health insurance cost by the County General is \$14,791,000, the budget is \$15,064,000. He said the surplus at the end of this year will be \$273,500. He said they are proposing that employees being paid below the minimum be brought up to the minimum salary grade. He said the total fiscal impact will be \$93,496 that includes the fringe benefits. He said there were several other agencies that had employees below the minimum salary grade but were able to fund the salary increases with surpluses in their budget.

Councillor Nytes asked how will the committee know which agencies absorbed the salary increases within their existing budgets. She asked if the committee needed to take the previous agency list and compare it to the new list (Exhibit B) and the agencies that are not on the new list absorbed the salary increase in their existing budget. Mr. Jones said that would be a good assumption those agencies are operating with a surplus. Councillor Nytes asked how much money is different in the two reports. Ms. Womacks said about \$50.00. Councillor Nytes asked if any of these agencies involved in Proposal No. 268, 2005 could have found more than \$50.00 to move between characters within their budget. Mr. Jones said that analysis has not been done. He said they were trying to fund all employees up to the County salary minimum using the surplus they had.

Mr. Brown said this proposal should be discussed as a two year proposal. He said the Council may add to this year's budget and may essentially increase next year's budget by \$200,000 to accommodate those salaries.

Chair Sanders said she has some concerns because when she took Proposal No. 238, 2005 and matched it with Proposal No. 267, 268, and 269, 2005 the total did not match. She said the difference is \$37,000 more then the original Proposal No. 238, 2005. She said

from her perspective, the Council allocated \$1.7 million to the fringe line to cover health insurance cost and if you deducted the \$1,137,000 (total amount of the three ordinances) the fund balance left is \$563,000. She said the Auditor's figures are indicating a different amount. Chair Sanders asked what else has been taken from this fund. Ms. Womacks said just fringe benefits have been taken from the fund. Mr. Jones said the difference between the dollar amounts in the two ordinances is due to different numbers being used. He said the \$37,000 difference is accounted for because the new figures include payrolls through the month of May. The previous figures included only the first quarter.

Councillor Langsford asked if it is possible to have Mr. Brown work with Mr. Jones on getting the proper figures. Chair Sanders said she would appreciate it.

Mr. Brown asked if the Auditor's office has enough appropriation in their budget temporarily to pay the health insurance bills without this increase. Mr. Jones replied in the affirmative.

Councillor Moriarty Adams said she believes City and County employees deserve a raise but is astonished that the Auditor's office would choose to use the surplus to address one issue when there are a host of issues that need to be addressed.

Councillor Nytes asked if the Council has the legal authority to choose any effective date for salary adjustments. Mr. Brown replied in the affirmative.

Councillor Plowman said he asked the Auditor's office to come up with a way to fulfill some of the planning of the reorganization of the payroll structure. He said he found a number of employees that were being paid below the salary minimum. He said the Auditor's office developed a way to address this issue without using any additional money.

Chair Sanders said work weeks also need to be looked at as well, and this may create different scenarios in the spreadsheet relative to salary minimums.

Councillor Plowman said when the Auditor's office first started their research, they were not aware of the human resource departments being consolidated. He said, at the time, they took the proper steps to do what was right for the employees.

Councillor Moriarty Adams said the Council needs to be looking at what we have in the way of any surpluses before we decide to spend money. She said all the needs need to be looked at to find the best use of the money.

Councillor Plowman moved, seconded by Councillor Langsford, to "Postpone" Proposal No. 268 and 269, 2005 until July 19, 2005. The motion carried by a vote of 6-0.

Councillor Nytes said both sides of the aisle are determined to do what they started with the salary study. She said she is confident that the salary study will be implemented.

Councillor Brown said City and County employees deserve a pay increase but 2006 will come with drastic changes, and it is best to take our time with salary increases.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:25 p.m.

Respectfully submitted,

Joanne Sanders, Chair
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